

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AREA CODE 319 RELIEF PLAN	DOCKET NO. SPU-99-30
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**ORDER GRANTING AND DENYING APPLICATIONS
FOR RECONSIDERATION**

(Issued December 28, 2000)

SUMMARY

On November 16, 2000, the Utilities Board (Board) issued its "Order Adopting Geographic Split" in this docket. In that order, the Board split the existing 319 area code to prevent exhaustion of the available central office codes. The Board accelerated the permissive and mandatory implementation dates originally recommended by the industry petitioners because the projected exhaust date for the 319 area code was accelerated while the docket was pending. The Board specifically requested public comment regarding the split and the revised implementation dates. The Board allowed 20 days for filing applications for reconsideration.

Several comments and applications for reconsideration were filed. Some suggest that the proposed implementation dates should be delayed, while other comments ask that the Board revise the new split line. In addition, one commentor

asks that the Board reconsider its decision to deny grandfathering of wireless customers in the new 563 area code.

The Board will delay the proposed implementation dates, as it appears this can be done without putting the existing 319 area code into jeopardy status and, as a general principle, delayed implementation reduces the overall societal cost of the change (so long as the delay does not create a jeopardy situation).

The Board will deny the request for reconsideration of wireless customer grandfathering because of the adverse impact it would have on the projected life of the new 319 area code.

As for the split line revisions, the Board will make three of the four requested revisions. In each case where the request is being granted, the revision will accommodate specific local interests without undue impact on the overall area code scheme.

Finally, the Board will modify the provisions of the November 16 order relating to the customer education committee to clarify the Board's expectation that all wireline local exchange carriers will participate in coordinated customer education efforts, unless a carrier opts out of the campaign.

IMPLEMENTATION SCHEDULE REVISIONS

Three parties have requested that the Board delay the implementation dates for the new split. Qwest Corporation (Qwest) asks that the Board delay the permissive dialing date from March 4, 2001, to March 25, 2001, and the mandatory dialing date from September 9, 2001, to November 25, 2001. Verizon Wireless

(Verizon) requests an extension of the mandatory dialing date to December 1, 2001. Key Yellow Pages Consulting (Key) requests an unspecified delay of the mandatory dialing date.

Qwest argues that the permissive dialing date should be delayed by 21 days to allow carriers more time to make changes to their systems. Qwest states that its Information Technologies group spent 32,000 hours preparing for the 515-641 split and Qwest believes an equivalent level of resources will be required for this new split. Qwest also argues a new Local Exchange Routing Guide (LERG), showing area code changes, is distributed to the industry on the 10th of each month; by delaying the permissive dialing date, the Board will allow time for publication of three LERGs in 2001 with the new area code, rather than only two. Qwest believes this will reduce the number of incorrectly blocked calls during the permissive dialing period.

Qwest also argues the mandatory dialing date should be delayed to November 25, 2001, so Qwest can complete delivery of its new telephone directories in Dubuque and the Quad Cities before the mandatory dialing date. Qwest believes the delay will not cause a jeopardy situation in the existing 319 area code, which still has 180 central office codes available for assignment. At last year's assignment rate of 7 codes per month, that is a 24-month supply.

Key is a business, which coordinates Yellow Pages advertising for businesses in the existing 319 area code. Key believes the negative impact of changing area codes would be minimized if the mandatory implementation date is

delayed so that recently-finalized advertising (using the 319 area code where it will become 563) will be correct for as long as possible.

Verizon also requests reconsideration of the permissive dialing period. The current schedule provides for six months of permissive dialing, one month more than was allowed in the 515 area code split. Verizon states that it has approximately three times as many customers in the new 563 area code as it has in the new 641 area code, so it asks that the permissive dialing period be extended to nine months, that is, from March 4, 2001, to December 1, 2001.

The Board will revise the permissive and mandatory implementation dates to March 25, 2001, and December 1, 2001, respectively. (The Board notes that Qwest's proposed mandatory implementation date of November 25, 2001, is on Thanksgiving weekend. Based upon subsequent telephone conversations between Board staff and Qwest representatives, the Board understands Qwest now prefers December 1, 2001.) Based on the available information, the delayed dates will not put 319 into jeopardy and the additional preparation time should allow more customers to make the necessary adjustments to their stationery, advertising, and other printed materials at the least cost. This will also extend the permissive dialing period to eight months, only one month less than Verizon requested.

RECONSIDERATION OF WIRELESS CUSTOMER GRANDFATHERING

Verizon also requests reconsideration of mandatory grandfathering of wireless customers. Verizon did not discuss mandatory grandfathering in its previous comments in any detail; instead, its previous written and oral comments

focussed on permissive grandfathering, which was rejected by the Board in its November 16, 2000, order (see discussion at pages 26 through 29 of that order). Verizon now argues that mandatory grandfathering, which would require existing customers keep their current telephone numbers (so long as they maintain their existing service), will not have the same adverse impact on number utilization as permissive grandfathering. Verizon believes it is appropriate to relieve wireless customers from the burdens of the split because those burdens are alleged to be greater for wireless customers.

The Board will reject Verizon's request for mandatory grandfathering of wireless telephone customers in the new 563 area code. Mandatory grandfathering would have the same effect as transferring all of the wireless customers in the new 563 area code back into 319, increasing the existing demand for 319 central office codes and shortening the projected life of the new 319. Given that the 319 area code already has a relatively short projected life, the return of an unknown, and potentially large, number of wireless customers from 563 to 319 would only increase the chance that further area code relief will be required in the new 319 area code in the near future.

Furthermore, it appears that grandfathering would not actually be mandatory because customers would always have the ability to choose a new service agreement and a new telephone number (with the same provider or a different one) when their existing service agreement expires. Thus, customers who want their wireless service area code to match their wireline service area code would be able to make that change and so-called "mandatory" grandfathering would be no

different from permissive grandfathering. The end result is that each wireless carrier would still require some duplicative sets of 319 and 563 telephone numbers in order to accommodate its customers in the 563 geographic area. Ultimately, each carrier may be able to fully utilize all of its assigned numbers, but the situation would lead to accelerated code requirements and shorter projected lives for both of the new area codes.

Finally, the Board notes that other parties to this docket dispute Verizon's claim that wireless customers are more affected by an area code split. Consumer Advocate offered evidence that wireline and wireless customers are both inconvenienced by a split, in different but roughly equal ways. (Tr. 49-53.) The record in this proceeding does not establish that wireless customers are unfairly burdened by a split.

BOUNDARY REALIGNMENTS

There are five exchanges that are the subjects of four requests for realignment of the new 319-563 boundary: Stanwood and Mechanicsville, Onslow, Oran, and Sumner. Each of these requests will be addressed separately.

1. The Stanwood and Mechanicsville Exchanges.

Clarence Telephone Company, Inc. (CTC), and Iowa Telecommunications Services, Inc. (Iowa Telecom), have joined in a request to move the Stanwood exchange from Area A (which will keep the 319 area code) to Area B (the new 563 area code). The North Cedar Community School District (North Cedar) asks that all four exchanges making up the school district (Stanwood, Mechanicsville, Clarence,

and Lowden) be placed in a single area code, rather than two in 319 and two in 563, as required under the November 16th order. At least one resident of the Stanwood exchange supported this request through written comments.

Under the Board's November 16, 2000, order, the Stanwood exchange would stay in the 319 area code. CTC and Iowa Telecom both offer local exchange service in Stanwood. Iowa Telecom is the incumbent local exchange carrier (LEC), while CTC offers competitive local exchange services through its competitive LEC subsidiary, Cedar Communications LLC (Cedar). CTC's host switch is in the Clarence exchange, which will be in the 563 area code; service is provided in Stanwood using a remote switch. Iowa Telecom also serves Stanwood using a host-remote switching arrangement; the host is in the Tipton exchange, which will be in the 563 area code. Thus, if the new boundary is not changed both Iowa Telecom and CTC will provide service in the Stanwood exchange using host switches in one area code and remote switches in another area code.

CTC and Iowa Telecom state that having the host and remote switches in different area codes "creates technical and operational difficulties," but they offer no description or quantification of the anticipated difficulties. CTC and Iowa Telecom ask that the Stanwood exchange be moved into the new 563 area code, which they say will eliminate the technical and operational problems.

The North Cedar school district includes the four towns of Mechanicsville, Stanwood, Clarence, and Lowden. Under the November 16th order, the Mechanicsville and Stanwood exchanges would stay in 319 while Clarence and Lowden would be in 563. The school district states it is of little importance what

area code they are in, but it is very important to the district that all four communities are in the same area code.

The Board will grant the requests for boundary realignment and move the Mechanicsville and Stanwood exchanges to the 563 area code. The case the parties have made for changing the boundary to include these two exchanges in the new area code is a persuasive one. The existing boundary would affect two EAS routes, between Stanwood and Tipton and between Clarence and the Cedar customers in Stanwood. Moving the Stanwood exchange to 563 would still affect only two EAS routes (Stanwood to Olin and Stanwood to Mechanicsville) and would alleviate the technical problems identified by CTC and Iowa Telecom. It would also move the Stanwood customers from Area A to Area B, which should make the projected lives of the two areas slightly more even.

To fully address the school district's concerns, it is also necessary to move the Mechanicsville exchange into 563. This change also affects a total of only two EAS routes, from Stanwood to Olin and from Mechanicsville to Morley. This will also have the benefit of making the projected lives of Areas A and B slightly more even.

2. The Onslow Exchange.

The Midland Community School District (Midland) includes the communities of Onslow, Center Junction, Monmouth, Oxford Junction, Lost Nation, and Canton. With the exception of Onslow, all of the exchanges serving these communities will be in the new 563 area code. The school district asks that the Onslow exchange be moved to 563. Other interested persons have expressed conflicting views regarding this request.

During telephone conversations with Board staff on December 6, 2000, the mayor of Onslow expressed support for moving the Onslow exchange to 563 in order to keep the school district in a single area code. However, the city council met on December 13, 2000, and concluded that it does not support the change.

The manager of the Center Junction telephone company has told the Board he supports moving the Onslow exchange to 563 for the benefit of the school district. The manager of the Onslow Cooperative Telephone Company indicates he is opposed to moving the Onslow exchange out of 319.

Moving the Onslow exchange to 563 will not affect any EAS routes and will produce an area code boundary line that will be appreciably straighter and, therefore, more sensible to the public. This should simplify the public education process. Realignment will also tend to make the projected lives of 319 and 563 slightly more even. Finally, it will keep the school district in a single area code. It is likely that keeping the school district together will have long-term benefits that outweigh the short-term disruption of the area code change. Accordingly, the

Board will grant the school district's request and move the Onslow exchange to 563.

3. The Oran Exchange.

The Superintendent of the Wapsie Valley Community School District (Wapsie Valley) filed a request for realignment, asking that the Oran exchange be moved from 563 to 319. The Wapsie Valley school district includes the towns of Readlyn, Fairbank, and Oran. Under the November 16, 2000, order, only the Oran exchange would move to 563. The Superintendent states that the district high school is served by the Oran telephone company and would be "split away" from the rest of the school district if the new area code boundary is not changed.

The Board will grant the request and move the Oran exchange from 563 to 319. This change will make the imbalance in the projected lives of 319 and 563 slightly worse, but this impact is offset by the realignments of Mechanicsville, Stanwood, and Onslow exchanges, discussed above. Moreover, there are some other benefits to moving the Oran exchange to 319. First, it would keep the school district in a single area code. Second, it would produce a smoother boundary line between 319 and 563, one that may be more sensible to and easily learned by the public. Finally, no EAS routes will be affected by this change.

4. The Sumner Exchange.

Finally, on December 12, 2000, the Board received a request from the Mayor of Sumner asking that the Sumner exchange be left in 319, rather than moved to 563. The Mayor asserts that the costs of an area code change would create a significant burden on the Sumner community.

The Board will deny the request to leave the Sumner exchange in 319. Sumner has not identified any unique or unusual hardship it will experience as a result of area code relief. The Board understands that an area code change is an undesired event for any community, but it is an unavoidable event to prevent running out of available telephone numbers, which would be even more disruptive for even more people.

CUSTOMER EDUCATION COMMITTEE

In the November 16, 2000, order, the Board established a customer education committee to develop an organized campaign to inform the public of the new area code split. The Board established an "opt-in" process for carriers to participate on the committee: Any carrier choosing to participate was required to submit a written acknowledgement of its obligation to contribute to the cost of the campaign on an equitable basis.

Based upon the results of the first two meetings of the customer education committee, the opt-in process is unsatisfactory. Some carriers have expressed their willingness to contribute their fair share to the cost of the public education campaign, even though they do not want to participate in the actual design of that campaign. Other carriers that will clearly benefit from public education efforts have not indicated their position in any way, leaving the participants uncertain as to the number of entities willing to share in the cost of this campaign.

The Board believes a well-designed public education campaign will benefit all carriers providing local exchange service in the existing 319 area code and that

every carrier should contribute to the cost of the campaign. However, the Board will not order any carrier to participate if the carrier believes it has good and sufficient reason for non-participation. Finally, it is important that every carrier's position regarding participation in the public education campaign should be clear. Therefore, the Board will modify the November 16, 2000, order by replacing the opt-in procedure with an opt-out for wireline carriers providing local exchange services in the existing 319 area code. The Board will start with the presumption that all such carriers will contribute to the cost of the public education campaign on an equitable basis; however, any wireline carrier that chooses NOT to participate may file with the Board a written statement to that effect. Any such statements must be filed with the Board on or before January 12, 2001, and should be filed in this docket.

The Board is not extending this opt-out procedure to wireless carriers. Based upon the comments received in this docket and the Board's experience with the 515 area code customer education committee, it is apparent that wireless carriers do not believe the general public education campaign is suited to their needs. The Board disagrees; all telephone customers, and therefore all local exchange carriers, benefit from customer education regarding an area code split, regardless of the technology they use. The Board encourages participation in the customer education committee by wireless carriers, so long as they commit to contributing to the cost of the campaign. However, the Board will continue to require that wireless carriers opt in, rather than out, as the Board believes they are more likely to rely upon their own advertising and customer education efforts.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. Based upon the comments and requests for reconsideration received by the Board in this docket, the Board makes the following rulings:

a. The permissive dialing date will be delayed to March 25, 2001, as requested by Qwest, and the mandatory dialing date to December 1, 2001, as requested by Verizon.

b. Verizon's request for reconsideration of mandatory grandfathering for wireless customers will be denied.

c. The requests of CTC, Iowa Telecom, and North Cedar to move the Mechanicsville and Stanwood exchanges to 563 will be granted.

d. The request of Wapsie Valley to move the Oran exchange back to 319 will be granted.

e. The request of the Midland Community School District to move the Onslow exchange from 319 to 563 will be granted.

f. The request to move the Sumner exchange back to 319 will be denied.

The November 16, 2000, "Order Adopting Geographic Split" is modified accordingly.

2. The customer education committee provisions of the Board's November 16, 2000, "Order Adopting Geographic Split" are modified to provide that each wireline local exchange service provider in the existing 319 area code will be

expected to contribute to the cost of the public education campaign unless the provider files with the Board, on or before January 12, 2001, a written statement opting out of the public education campaign.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 28th day of December, 2000.